



MISSOURI **Rural Development**

MULTI-FAMILY HOUSING NEWS

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THE TIMES..... THEY ARE A'CHANGIN'

For some of you this news is old news. For the rest of you, we are opening new doors in hopes of enhancing an already rewarding working relationship.

"One stop shopping"this is the wave of the future. The Multi-Family Housing Program has taken on a new face with a new home, and many changes are taking place.

Janie Dunning is the Director of Multi-Family Housing Programs, with a staff of three at the present time. Most of you know Colleen James, Multi-Family Housing Specialist. Colleen has 24 years of government service, and continues to provide expert guidance. Rachelle Long was recently selected as the second MFH Specialist, and brings 20 years of government service to the position. Nonna Ross continues in her role as an automated services support person.

In an effort to save manpower, automate, and generally make the MFH payment process more efficient and uniform throughout the state, the Centralized Processing Center (CPC) was created.

We must crawl before we can walk. Therefore, we initially brought in the payments for Areas 4 and 7, which were previously processed in the Farmington and Dexter Area Rural Development offices. This includes tenant certifications, wage matching, and other routine functions. Payments from other areas in the state will be centralized as staffing of the CPC occurs. Selections for two or three processors will be made in the very near future.

This newsletter is the first of many, and will henceforth be an avenue for improving communication and delivering the news. For most of you the method of delivery for this edition was postal mail. However, in an effort to wisely spend the taxpayer dollar, we are asking that you email nonna.ross@mo.usda.gov with your email address, if applicable, for electronic delivery of future editions.

All of us in Multi-Family Housing hope that you enjoy working together with us as we adapt to these changes.

NEW PROPOSED REGULATIONS OUT FOR PUBLIC COMMENT

Rural Development has published their proposed regulations for the Multi-Family Housing program and is seeking comments from the public. The intent of the new proposed regulations is to assure quality housing for residents, improve customer service, reduce the number of regulations, and improve the Agency's ability to achieve effectiveness and flexibility in managing the Multi-Family Housing loan portfolio.

The new proposed regulations can be found at <http://www.gpoaccess.gov/fr/index.html> (Search for page number 32871 or Volume 68, Number 105).

The new proposed Multi-Family Housing Handbooks are also available for previewing at <http://www.rurdev.usda.gov/rhs/mfh/MFH%203560%20Handbooks.htm>.

We encourage you to submit your written comments regarding the new proposed rule by the August 1, 2003 deadline.

BACK TO THE BASICS

As mentioned earlier, the new 3560 regulations will be out soon and many changes are proposed. In the meantime, we have several changes that are occurring now. We would like to give you a quick overview of some of these changes that could affect you:

Identity of Interest Disclosure: BOTH the Borrower and the Management Agent must declare Identity of Interest on Form RD 1944-30. For Limited Partnerships (LP), the person authorized to sign for the LP can sign Form RD 1944-30. For Non-Profit borrowers, the person authorized to sign for the board can sign the Form. Once the RD 1944-30 is completed and an Identity of Interest is noted, then the person with the Identity of Interest must complete Form RD 1944-31.

Along with this, our Office of General Counsel (OGC) had required that Guide 65, 66, or 67, as applicable, be completed annually to reflect the status of general and limited partners. It has been determined that we can make this form a part of the Identity of Interest Disclosure and it may also be submitted every three

years with Forms RD 1944-30 and 1944-31. We appreciate your cooperation in working through this transition.

Stamped Signatures: We have noticed several documents, which are required to be signed by the borrower, contain a “stamped signature” instead of an “original signature”. We have reviewed this with our Office of General Counsel and they have indicated that this practice should be discontinued. There are some documents which can be signed by the Management Agent as outlined in the Management Agreement, i.e. budget, reserve requests, payments, tenant certifications, lease agreements, etc. The organizational papers for the borrower identify who can sign legal documents on behalf of the borrower. Usually, for limited partnerships, there is a managing general partner designated to sign on behalf of the limited partnership and, for a non-profit borrower, it is usually the Board President. We have provided written guidance to our field offices as to specific documents that must contain original signatures. Please feel free to request a copy of that guidance from them.

Reserve Requests for Annual Operating: It has become routine for many complexes to utilize reserve money for annual operating expenses including annual taxes, one time appliance replacements, painting one apartment, carpet/vinyl for one unit, etc. Reserve accounts are being depleted and funds will not be available for the long-term capital improvements and repairs that become necessary. We must take a closer look at budgets and be sure they contain realistic figures that are inclusive of what is planned that year. If the budget does not cash flow, then we need to look at all alternatives including rent increase, marketing, need for the housing, etc. Future requests to use reserve funds for annual operating expenses will be approved ONLY in rare situations and only after State Office review of documented need.

Expiring Transition Plans: Many of the current transition plans are coming close to the 3-year expiration and we have received numerous questions on what is needed when accessibility items are not completed. We have tried to make this as easy as possible but it appears our current guidance, as well as the proposed regulations require a new self-assessment (with the assistance of an outside party) and a new or revised transition plan. Continue to work with our field staff for additional guidance.

Management Fees: The proposed regulations contain many changes in this area. There will be three types of fees that can be paid. The main one is the on-going fees which is basically what you are being paid currently. The change will be that it will be paid on a specific amount per unit per month on occupied units only (can be occupied all or any part of a month). Another fee category is add-on fees which would be a specific dollar

amount per unit per year because of unusual conditions such as scattered sites. The last type is incentive fees which is an amount per unit per year paid for superior performance by a Management Agent. All three types of fees will be set by the National Office on a state-by-state basis. Until the regulations are finalized Missouri will operate on a transition basis. From now on, if a Management Agreement expires or has to be revised for any reason, then the terms for reimbursement under the new agreement will be based on the guidelines of ‘occupied units only’. You may continue under the old agreement as long as it remains in place. Please take this into consideration when you are preparing the FY 2004 budgets.

Late Tenant Certifications: With the conversion to Industry Interface, National Office has been somewhat lenient in allowing late payments and certifications during the transition. However, in the proposed regulation, it is stated that tenant certifications must be received by the 10th of the month or overage will be charged. We are advising you of this to encourage you to remit your payments and tenant certifications timely before the overage charge is implemented. Additionally, with the implementation of the Centralized Processing Center, it will be extremely helpful to receive the information timely so we can provide you with good service. For those borrowers that have not converted to either Industry Interface or Electronic Funds Transfer, please give some thought to taking the step. It will be more efficient for both you and RD.

FROM JANIE:

I have worked almost 36 years with the agency and was actively involved in making some of the first multi-family housing loans in the state. A lot has changed during this timeframe, some good and some not so good. I do know that this program is very time-consuming, not only in the required regulations and paperwork, but also in taking care of the aging properties. Be assured that the RD staff and I will continue to look for ways that will make your job and ours easier and more efficient. A lot of changes are taking place; some you may agree with and some you will not. The main objective for all of us is to provide nice, safe, affordable housing for rural Missourians - a place where we, or one of our family, can live. I have every confidence the Rural Development field office staffs will continue to provide the local contact and support to you. Please continue to contact them with any questions or needed assistance.

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